A U S T I N C I T Y C O U N C I L

AGENDA

Thursday, May 27, 2010

Austin Water Utility **Item No. 7**
RECOMMENDATION FOR COUNCIL ACTION

Subject: Approve the issuance of a Letter of Intent for a rebate to SPANSION INC. for the installation of treatment equipment and distribution piping, in an amount not to exceed $100,000.

Amount and Source of Funding: Funding is available in the Fiscal Year 2009-2010 Conservation Rebate and Incentives Fund.

Fiscal Note: A fiscal note is not required.

For More Information: Drema Gross, 974-2787; Cole Newton, 974-3514; Denise Avery, 972-0104

Boards and Commission Action: Recommended by the Resource Management Commission and the Water and Wastewater Commission.

On August 28, 2008, Council authorized an increase in the maximum per project rebate amount for the Water Conservation Institutional, Commercial and Industrial Rebate Program from $40,000 to $100,000. The rebate provides a greater incentive to companies to implement water saving projects. The rebate amount is based on the cost of the equipment and the expected amount of water savings, at the lesser of $1 per gallon per day or 50% of project cost. Once the company has completed the project, staff will inspect the equipment and measure the water savings prior to issuing the rebate. The water saving equipment must remain installed and operational for at least five years to be eligible.

Austin Water Utility requests authorization to issue a rebate in an amount not to exceed $100,000 to Spansion Inc. for the installation of treatment equipment and distribution piping to allow the use of manufacture rinse water in cooling towers and equipment in place of potable water. The project proposed by Spansion Inc. will cost Spansion Inc. approximately $930,000 and will save approximately 400,000 gallons of water per day, which is about 100 million gallons per year. This project is in accordance with the incentive program guidelines, and is the first project to meet the criteria for the increased maximum rebate amount.

Cost Data:

1. Cost of this Rebate: $100,000

2. Total estimated gallons saved: 400,000 gallons per day (730,000,000 gallons over a minimum 5 year lifespan)

3. Cost Per Gallon saved: $0.14 per thousand gallons